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May 2001

## Azerbaijan

*Azerbaijan has attracted international interest in its rich oil and natural gas reserves. Foreign investors are helping Azerbaijan to develop its oil and gas reserves in the Caspian Sea basin, and construction of new pipelines may make the country a significant energy exporter in the next decade.*

*Information contained in this report is the best available as of May 2001 and is subject to change.*



### GENERAL BACKGROUND

Azerbaijan, which received its independence with the collapse of the Soviet Union in 1991, continues to face considerable problems in making the transition from a command to a market economy, including the loss of its traditional markets, the need to diversify its economy, excessive bureaucratic regulation, and the slow pace of structural reform. In addition, fighting broke out between Azerbaijan and [Armenia](#) in 1988 over Nagorno-Karabakh, an Azerbaijani enclave that is largely Armenian populated. A ceasefire was declared in 1994, one year after Azerbaijani President Heydar Aliyev took power in a bloodless coup.

As a result of its conflict with Armenia, Azerbaijan lost almost 20% of its territory and was forced to support some 750,000 displaced Azeris. Azerbaijan has implemented an economic blockade of both Nagorno-Karabakh and Armenia, which is still in effect. In 1992,

the [United States](#) passed section 907 of the Freedom Support Act, restricting U.S. government assistance to Azerbaijan until Azerbaijan takes "demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh." In an effort to resolve the conflict, in February 2001, Armenian President Robert Kocharian and Azerbaijani President Heydar Aliyev met in Key West, Florida, but although some progress was made, no final agreement was reached to end the dispute.

Azerbaijan's real gross domestic product (GDP) contracted by almost 60% from 1990-1995, but the country

began a period of steady growth in the latter half of the decade, fueled by foreign investment in the country's oil and gas sectors. Azerbaijan's real GDP rose by almost 6% in 1997, 10% in 1998, 7% in 1999, and 11.4% in 2000, with growth of over 5% expected in 2001 and during the next few years. The oil industry currently accounts for 70%-80% of total foreign investment in Azerbaijan, and foreign direct investment increased from \$15 million in 1993 to \$827 million in 1999, about 20% of Azerbaijan's GDP. Even with this steady growth and continued foreign investment, Azerbaijan's GDP is not expected to reach its 1991 level (the last year of the Soviet Union) until 2007.

Azerbaijan's hope for future economic growth rests with successful development of its vast oil and gas resources in the [Caspian Sea](#) region. Crude oil and oil product exports make up over 70% of Azerbaijan's exports, and oil-related revenue makes up nearly 50% of budget revenues. On December 29, 1999, President Aliyev issued a decree creating a State Oil Fund which will use money obtained from oil-related foreign investment into Azerbaijan. However, the unresolved Nagorno-Karabakh conflict remains an obstacle to economic progress, and the country still faces several years of tight finances, as Azerbaijan's oil revenues are likely to remain limited for the next five years or so.

Most of Azerbaijan's infrastructure, built during the Soviet period, is in poor condition, and there has been inadequate public investment and maintenance of infrastructure since independence. The power generation and distribution system is deteriorating, and gas, water, electricity, and oil product shortages are common in the capital of Baku. In 2000, Azerbaijan switched its power-generating facilities from fuel oil to gas in an effort to free up more oil for export, but problems with gas supplies to power plants at the beginning of 2001 caused electricity shortages, forcing state oil company SOCAR to use more oil domestically. In April 2001, in an effort to boost foreign investment in the energy sector, Azerbaijan established the Fuel and Energy Ministry to oversee the country's fuel and energy sector.

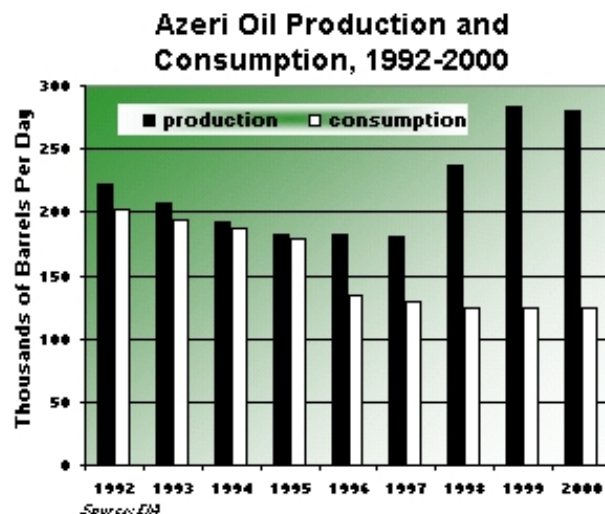
## OIL

Azerbaijan's oil industry, which experienced a boom at the beginning of the 20th century, is looking to grow rapidly again at the start of the 21st century. Azerbaijan's oil production, which peaked at about 500,000 barrels per day (bbl/d) during World War II, dropped off dramatically as the Soviet Union directed resources elsewhere. Azerbaijan and the [Caspian Sea](#) [suffered heavy environmental damage](#) due to the lack of environmental protection measures in place during the Soviet drive for industrial and energy development.

Following independence in 1991, Azerbaijan's oil production fell to just 180,000 bbl/d in 1997, before beginning to rebound with the help of international investment in the sector. In 2000, Azerbaijan produced 280,000 bbl/d of oil, just off the 1999 total of 283,000 bbl/d. In the first three months of 2001, the Azerbaijani State Statistics Committee reported that the country produced 3.66 million tons (294,000 bbl/d) of oil, an increase of 2.5% from the same time period last year. Most of Azerbaijan's oil is produced offshore in the Caspian Sea, with a significant percentage coming from the shallow-water section of the Gunashli field, located 60 miles off the Azeri coast.

The country's proven oil reserves, as well as the enormous possible reserves in undeveloped offshore Caspian fields, have brought international investors flocking to Azerbaijan. Since 1996, over \$3.4 billion has been invested in the country's oil sector, and SOCAR President Natik Aliyev has said that annual investments in the Azerbaijani oil sector are expected to reach \$2 billion-\$2.5 billion this year. He noted that expected investment in the country's oil sector is \$60 billion.

Development of new fields through joint ventures (JVs) and [production sharing agreements \(PSAs\)](#) in the



Caspian Sea likely will boost Azerbaijan's oil production well beyond its earlier peak, with predictions that Azerbaijani oil exports could exceed 1 million bbl/d by 2010 and 2 million bbl/d within 20 years. To date, Azerbaijan has signed 21 agreements with 33 companies from 15 countries. However, not all of these projects have been successful, with several projects announcing disappointing drilling results and several JVs and PSAs shutting down, including the Caspian International Petroleum Company and the North Absheron Operating Company. In addition, restrictions on the ability of JVs to export their oil directly has contributed to a lack of development at some fields. To spur increased development, Azerbaijan decided to abolish JVs and convert them to PSAs in 2000.

Oil production from the country's first PSA, with the Azerbaijan International Operating Company (AIOC), began in November 1997. In September 1994, in what was described as "the deal of the century," AIOC, an [international consortium](#), signed an \$8-billion, 30-year contract in September to develop three fields (Azeri, Chirag, and the deepwater portions of Gunashli, ACG) ([Figure 1](#)) with total reserves estimated at 3-5 billion barrels. Almost all of Azerbaijan's production increases in since 1997 have come from AIOC. By the end of 1999, AIOC had spent about \$2 billion, with cumulative production of 51 million barrels of oil, mostly from the Chirag-1 stationary platform. In 2000, production from ACG averaged around 100,000 bbl/d, and in the first three months of 2001, AIOC produced 1.48 million tons (118,880 bbl/d) of oil from the ACG deposits.

Azerbaijan's big production surge in the next decade is expected to come from further development of ACG. The go-ahead for the first phase of full field development, which will increase production to 400,000 bbl/d by 2004, was expected in the third quarter of 2001. However, AIOC, which is operated by BP ([U.K.](#)), announced that the planned Phase-1 program to develop the ACG, focusing on the Azeri field, will not begin until 2004-2005. In effect, full-scale development of the AIOC project will be delayed until a decision has been made on [export options](#), including whether this oil will be exported via the [proposed Baku-Ceyhan pipeline](#).

### Caspian Issues

Continued uncertainty over the [Caspian Sea's legal status](#) is hindering further oil and gas development in the area. The Caspian Sea littoral states--Azerbaijan, [Iran](#), [Kazakhstan](#), [Russia](#), and [Turkmenistan](#)--thus far have failed to agree on a plan to divide up the sea's resources, including the oil-rich seabed. Azerbaijan has advocated the establishment of maritime boundaries based on an equidistant division of the sea, but Iran and Turkmenistan disagree. Azerbaijan remains locked in disputes with Turkmenistan over the Kyapaz-Serdar, Khazar, and Osman fields, while Azerbaijan has objected to Iran's decision to award Royal Dutch/Shell and Lasmo a license to conduct seismic surveys in a region that Azerbaijan considers to fall in its territory. A proposed March 2001 summit of the heads of state of the Caspian countries was postponed indefinitely, further setting back efforts to achieve a final resolution of the sea's status.

### Refining

Azeri crude oil is refined domestically at two refineries: the Azneftiyag (Baku) refinery, with a capacity of 230,000 bbl/d, and the Azneftyanajag (New Baku) refinery, which has a capacity of 200,000 bbl/d. With domestic production topping out at 280,000 bbl/d in 2000, Azerbaijan's refineries have been running well below capacity, with overall refinery utilization rates as low as 40%. Both refineries are in need of modernization, which Azerbaijan estimates will cost between \$600 million and \$700 million. The U.S. Trade and Development Agency is financing a \$500,000-feasibility study for upgrading the Azneftiyag refinery, and is providing \$400,000 for a feasibility study to upgrade the petrochemical complex in Sumgait. Azerbaijan is contemplating merging the two refineries in order to increase their performance.

### Oil Exports

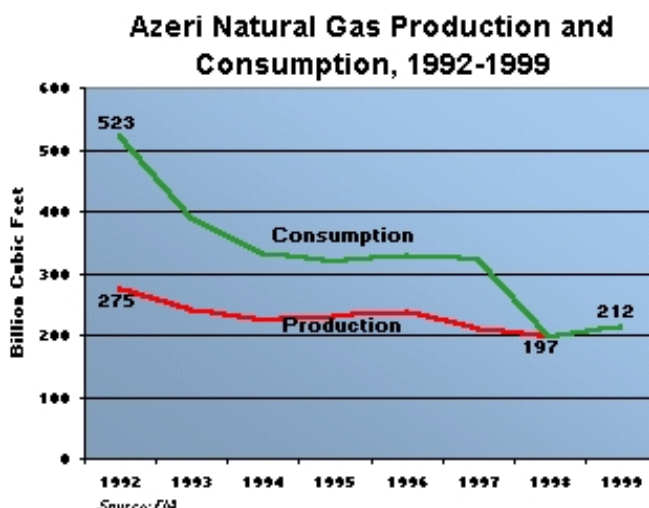
Azerbaijan had net oil exports of 155,000 bbl/d in 2000. Currently, Azerbaijan's only export routes are the [Baku-Novorossiisk pipeline](#) ("northern route"), which sends oil to the Russian Black Sea, and the Baku-Supsa pipeline ("western route"), which mainly carries Azerbaijan's "early oil" from ACG to [Georgia's](#) Black Sea coast. Oil products such as lubricants also are exported by rail in tank wagons to Georgia's Black Sea ports. In September 2000, Azerbaijan decided to attempt to boost its oil exports by switching its power-generating facilities from a fuel-oil regime to one that uses gas. Problems with gas supplies during the winter of 2000-2001 reduced Azerbaijan's oil export potential, since fuel oil was needed domestically and the government

temporarily ordered SOCAR to suspend exports. SOCAR resumed exports via Novorossiisk in December 2001, and in the first two months of 2001 the company exported an average of 24,000 bbl/d via Novorossiisk.

Azerbaijan's [options for increasing its oil exports](#) depend to a large extent on the construction of new pipelines. Although several [oil export pipelines from the Caspian Sea region](#) have been under consideration, momentum appears to be growing in support of the [proposed Baku-Ceyhan pipeline](#), a \$2.7-billion, 1-million bbl/d-capacity pipeline that would export Azerbaijani (and maybe Kazakh) oil along a 1,040-mile route from Baku via Georgia to the [Turkish](#) Mediterranean port of Ceyhan. Azerbaijan has not wavered in its support for the so-called "Main Export Pipeline" from Baku to Ceyhan, but Iran, Russia, and [Ukraine](#), among others, have proposed alternative oil export routes for Azerbaijan.

### NATURAL GAS

With the emphasis on Azerbaijan's oil potential, the country's gas sector has often been overlooked. In the past, Azerbaijan has imported natural gas from Russia, Turkmenistan, and Iran to meet domestic needs, but consumption has been on the wane since the collapse of the Soviet Union, bottoming out at 197 billion cubic feet (Bcf) in 1998. In 1999, Azerbaijan's natural gas consumption and production were roughly equivalent at 212 Bcf. According to preliminary figures for 2000, Azerbaijan's gas production slipped by approximately 8% to 196 Bcf.



Azerbaijan has proven natural gas reserves of roughly 11 trillion cubic feet (Tcf), with significant potential reserves, but because there is no developed infrastructure to deliver gas from offshore fields (the source of the majority of the country's production), gas has been flared off instead of being piped to markets. However, in 1999 Azerbaijan enacted a law requiring that each [oil and gas production project](#) include a plan to develop its natural gas potential. In addition, in October 1999, the U.S. Trade and Development Agency signed a \$425-million agreement with SOCAR to help fund a comprehensive study on Azerbaijan's natural gas sector to assess its consumption needs and its production and export potential.

Currently, the Bakhar gas field is the country's most important source of natural gas production, accounting for over 40% of total production in 1999. SOCAR produces over 90% of Azerbaijan's natural gas, with small amounts of associated gas from AIOC. With production declining at Bakhar (due to a lack of new drilling), gas production potential in Azerbaijan hinges on development of the Nakhichevan, Gunashli, and Shah Deniz fields. Nakhichevan is estimated to contain 900 Bcf in reserves, while Gunashli could be brought online shortly. The Shah Deniz field, which is thought to be the world's largest gas discovery since 1978, is estimated to contain between 25 Tcf and 39 Tcf of natural gas. Development of the field, which will cost upwards of \$2.5 billion including related infrastructure, should produce the first gas by 2004.

In the meantime, however, Azerbaijan's gas demand is set to rise. In 2000, in an effort to free up around 40,000 bbl/d more crude oil for export, Azerbaijan made the decision to switch its power-generating facilities from a fuel oil regime to one that uses natural gas. In September 2000, SOCAR signed two agreements to import gas via Russia: one with the Russian company TransNafta, which produces gas from the Tengiz field in Kazakhstan, and another with an alliance of Russia's Itera and [Germany's](#) Debis AG, which offered to supply Turkmen gas. In accordance with the contracts, Transnafta and Itera-Debis each pledged to deliver 2.6 billion cubic meters (Bcm) (92 Bcf) of gas at a rate of \$48 per 1,000 cubic meters from October 2000 to December 2001. Supply disruptions have been a problem, however; while Itera received a permit for gas transit using Gazprom's pipelines, Debis AG failed to secure permission for two months, and TransNafta obtained only qualified consent and has had periodic technical problems, including problems with customs.



Although the imported gas supply has become more stable in recent months, Azerigaz, the state gas distribution company, reported in January 2001 that it was receiving only about 166 Bcf of gas from SOCAR, leaving the country short of total gas demand. Azerbaijani Prime Minister Artur Rasizade said that in order to supply domestic requirements in full, Azerbaijan will need to import another 4 Bcm (141 Bcf) per year. Azerbaijan and Iran have been discussing the possibility of exporting up to 2 Bcm (70.5 Bcf) of Iranian gas to Azerbaijan through Astara, and to the Nakhichevan exclave through Julfa. However, the Gajikabul-Astara pipeline, which was built during the Soviet era, has a capacity of only 106 Bcf per year and has been inactive for the last 10 years. An investment of \$20 million is needed to repair the line, while transportation of Iranian gas to Nakhichevan is impossible without the construction of a new 28-mile pipeline segment from Khoi (Iran) to Julfa.

### **Natural Gas Exports**

With the discovery of the Shah Deniz field in 1999, Azerbaijan's gas production potential expanded dramatically, meaning that the country should become self-sufficient in gas, as well as a [net exporter of natural gas](#) during the next few years. International interest in Azerbaijan's gas export potential has increased sharply, and Azerigaz has already signed agreements with both Statoil and Royal Dutch/Shell to develop and export Azerbaijani gas. With the necessary infrastructure in place and the elimination of gas flaring, Azerbaijan's gas production could increase by as much as 1 Tcf by 2010. SOCAR First Vice President Ilham Aliyev has stated that Azerbaijan's gas export potential could reach as high as 50 Bcm (1.77 Tcf) per year eventually.

On March 12, 2001, Azerbaijan signed its first major gas export deal when it concluded an agreement to supply Turkey with 89.2 Bcm (3.1 Tcf) of natural gas over a 15-year period, starting in 2004. Under terms of the deal, Azerbaijan will supply Turkey with 70.6 Bcf in 2004, 106 Bcf in 2005, 177 Bcf in 2006, and 233 Bcf per year from 2007 to 2018. Gas for the deal is expected to come primarily from the as-yet undeveloped Shah Deniz field, with SOCAR acting as gas supplier on behalf of all the participants of the [international consortium developing the field](#).

In order to deliver this gas, it will be necessary to construct a [new export pipeline to Turkey](#). Although several [gas export pipeline options from the Caspian Sea region](#) have been under consideration, Azerbaijan originally had planned to refurbish a 150-mile section of the existing Gazi-Magomed-Gazakh pipeline. In November 2000, Azerigaz specialists evaluated the Soviet-era Gazi pipeline and determined that 70% was in normal condition. They estimated that, with repairs, the pipeline's capacity could increase to 106 Bcf per year. However, with the signing of the Turkish gas deal calling for export volumes up to 233 Bcf per year, it will be necessary to construct a new pipeline. A 255-Bcf capacity pipeline all the way from Shah Deniz to the Turkish city of Erzurum is likely to cost about \$1 billion to build.

### **COAL**

Azerbaijan has no significant coal deposits, nor any domestic coal production. Azerbaijan consumes only a small amount of coal, and consumption has declined from over 26,400 short tons in 1992 to just 1,100 short tons in 1999.

### **ELECTRICITY**

Built during the Soviet era, Azerbaijan's power infrastructure is in generally poor condition, with minimal to no public investment or maintenance since independence. Difficult economic conditions, prices set below the market rate, and non-payment by customers have left the power sector without sufficient capital to upgrade aging power-generation facilities desperately in need of repair. Azerbaijan's power sector has a generating capacity of about 4.7 gigawatts (GW), consisting of seven thermal plants (which supply over 85% of generating capacity) and six hydroelectric plants. In 1999, Azerbaijan produced 16.4 billion kilowatt-hours (Bkwh) of electricity and consumed only 15.4 Bkwh, but because energy losses via the the inefficient distribution network amount to around 20%, the country is forced to import electricity.

Azerbaijan imports power from Russia, Turkey, Iran, and Georgia, and participates in energy exchanges as well. Electricity supplies to the Azerbaijani exclave of Nakhichevan have been a particular problem: Iran, which supplies nearly 60% of the exclave's electricity needs, cut power supplies from October 2000 to February 2001 until Azerbaijan paid the first installment on its \$45-million debt for supplies already delivered.

In addition, Azerbaijan has run up a \$67-million debt to Turkey for electricity supplied to Nakhichevan. Azerbaijan is participating in an EU program to create a unified energy system for Azerbaijan, Georgia, and Turkey, and in April 2000, an agreement was signed to restore the power grids between Azerbaijan, Georgia, Russia, and Armenia. Azerbaijan and Turkey agreed that Azerbaijan would repay its debt by transmitting Russian and Azeri electricity back to Turkey via Georgia.

President Aliyev issued a decree in 1996 to transform the state power company, Azerenergy, into a state-owned, closed, joint-stock company, and issued a five-year program for privatization after the company's outstanding debts were paid. After a failed privatization of 16 distribution networks in 2000 (bids were received for only 4 networks), Azerbaijan decided to divide the national grid into five zones (Baku, Nakhichevan, North (Sumgait), South (Ali Bayramli) and West (Ganja)), then form joint-stock companies at these regional grids and give them to foreign investors to manage. Power stations are to remain state-owned initially. On Nov. 28, 2000, the Ministry of State Property opened the tender packages for the privatization of *Bakuelectricshebeke* (Baku electric network), with a number of foreign bidders making proposals.

Several projects are underway to restore and add new capacity to Azerbaijan's power sector. In May 2000, the country's 4,000-MW Yenikand hydroelectric station was finally completed, significantly boosting capacity. Construction originally began in 1985, but was suspended two years later and only resumed in 1996 with the aid of a \$53-million loan from the World Bank. Reconstruction of the \$41-million, 360-MW Mingechaur hydroelectric station on the Kura River is expected to be completed this year. In December 2000, construction began on the \$201-million, 400-MW Severnaya power plan to be built with the help of [Japanese](#) companies Mitsui and Mitsubishi. In addition, in October 2000 the German KFW bank allocated the second credit tranche of \$15 million for the construction of substations and acquisition of technical equipment for Azerbaijan's power sector. Overall, analysts have estimated that the large-scale upgrades needed by Azerbaijan's power sector could cost \$2.5 billion.

## **COUNTRY OVERVIEW**

**President:** Heydar Aliyev (since June 18, 1993; re-elected to a second, five-year term on October 11, 1998)

**Prime Minister:** Artur Rasizade (since November 26, 1996)

**Independence:** August 30, 1991 (from Soviet Union); National holiday: Independence Day, May 28

**Population (7/00E):** 7.7 million

**Location:** Southwestern Asia, bordering the Caspian Sea, between Iran and Russia

**Size:** 33,436 square miles (slightly smaller than Maine)

**Major Cities:** Baku (capital), Gyandzha, Mingechaur, Nakhchivan, Stepanakert, Sumqayit, Yevlakh

**Languages (1995E):** Azeri 89%, Russian 3%, Armenian 2%, other 6%

**Ethnic Groups (1998E):** Azeri 90%, Dagestani 3.2%, Russian 2.5%, Armenian 2% (almost all Armenians live in the separatist Nagorno-Karabakh region), other 2.3%

**Religions (1995E):** Muslim 93.4%, Russian Orthodox 2.5%, Armenian Orthodox 2.3%, other 1.8%

## **ECONOMIC OVERVIEW**

**Minister of Economics:** Namiq Nasrullayev

**Minster of Finance:** Avaz Alekperov

**Currency:** Manat

**Exchange Rate (3/9/2001):** US \$1 = 4,592 manats

**Nominal Gross Domestic Product (GDP) (2000E):** \$4.9 billion; **(2001F):** \$5.2 billion

**Real GDP Growth Rate (2000E):** 11.4%; **(2001F):** 5.2%

**Inflation Rate (Change in Consumer Prices, Dec. 1999-Dec. 2000E):** 2.2%; **(2001F):** 3.2%

**Official Unemployment Rate (2000E):** 1.2%

**Current Account Balance (2000E):** \$735 million

**Major Trading Partners:** Turkey, Russia, Georgia, Italy, Iran, Ukraine, United Arab Emirates

**Merchandise Exports (2000E):** \$2.67 billion

**Merchandise Imports (2000E):** \$1.71 billion

**Merchandise Trade Balance (2000E):** \$960 million

**Major Exports:** oil and gas (70%), machinery, cotton, foodstuffs

**Major Imports:** machinery and equipment, foodstuffs, metals, chemicals

**Gold and Foreign Exchange Reserves (2000E):** \$681 million

**External Debt (12/00E):** \$1.2 billion

### ENERGY OVERVIEW

**Minister of Fuel and Energy:** Medgid Kerimov

**President, State Oil Company of Azerbaijani Republic (SOCAR):** Natiq Aliyev

**Proven Oil Reserves (1/1/01E):** 3.6-12.5 billion barrels

**Oil Production (2000E):** 280,000 bbl/d, of which 273,000 bbl/d is crude oil

**Oil Consumption (2000E):** 125,000 bbl/d

**Net Oil Exports (2000E):** 155,000 bbl/d

**Crude Oil Refining Capacity (1/1/01E):** 430,000 bbl/d

**Natural Gas Reserves (1/1/01E):** 11 trillion cubic feet (Tcf)

**Natural Gas Production (1999E):** 212 billion cubic feet (Bcf)

**Natural Gas Consumption (1999E):** 212 Bcf

**Coal Production (1999E):** none

**Coal Consumption (1999E):** minimal

**Electricity Generation Capacity (1999E):** 4.7 gigawatts

**Electricity Generation (1999E):** 16.4 billion kilowatt-hours (Bkwh)

**Electricity Consumption (1999E):** 15.4 Bkwh

### ENVIRONMENTAL OVERVIEW

**Total Energy Consumption (1999E):** 0.55 quadrillion Btu\* (0.1% of world total energy consumption)

**Energy-Related Carbon Emissions (1999E):** 12.7 million metric tons of carbon (0.2% of world carbon emissions)

**Per Capita Energy Consumption (1999E):** 68.9 million Btu (vs U.S. value of 355.8 million Btu)

**Per Capita Carbon Emissions (1999E):** 1.6 metric tons of carbon (vs U.S. value of 5.5 metric tons of carbon)

**Energy Intensity (1999E):** 106,588 Btu/\$1990 (vs U.S. value of 12,638 Btu/\$1990)\*\*

**Carbon Intensity (1999E):** 2.4 metric tons of carbon/thousand \$1990 (vs U.S. value of 0.19 metric tons/thousand \$1990)

**Sectoral Share of Energy Consumption (1998E):** Industrial (38.6%), Residential (9.2%), Transportation (48.9%), Commercial (3.3%)

**Sectoral Share of Carbon Emissions (1998E):** Industrial (49.3%), Residential (11.2%), Transportation (35.1%), Commercial (4.4%)

**Fuel Share of Energy Consumption (1998E):** Oil (56.5%), Natural Gas (39.0%)

**Fuel Share of Carbon Emissions (1998E):** Oil (48.9%), Natural Gas (51.1%)

**Renewable Energy Consumption (1998E):** 20.4 trillion Btu\* (22% increase from 1997)

**Number of People per Motor Vehicle (1998):** 21.3 (vs U.S. value of 1.3)

**Status in Climate Change Negotiations:** Non-Annex I country under the United Nations Framework Convention on Climate Change (ratified May 16th, 1995). Ratified the Kyoto Protocol on September 28, 2000.

**Major Environmental Issues:** local scientists consider the Abseron Yasaqligi (Apsheron Peninsula) (including Baku and Sumqayit) and the Caspian Sea to be the most ecologically devastated area in the world because of severe air, water, and soil pollution; soil pollution results from the use of DDT as a pesticide and also from toxic defoliants used in the production of cotton

**Major International Environmental Agreements:** A party to the Conventions on Climate Change and Ozone Layer Protection. Has signed, but not ratified: Biodiversity.

\* The total energy consumption statistic includes petroleum, dry natural gas, coal, net hydro, nuclear, geothermal, solar and wind electric power. The renewable energy consumption statistic is based on International Energy Agency (IEA) data and includes hydropower, solar, wind, tide, geothermal, solid biomass and animal products, biomass gas and liquids, industrial and municipal wastes. Sectoral shares of energy consumption and carbon emissions are also based on IEA data.

\*\*GDP based on EIA International Energy Annual 1998

**ENERGY INDUSTRY**

**Organization:** State Oil Company of Azerbaijani Republic (SOCAR); Azerigaz (state gas company); Azenergo (state electric company)

**Major Oil Ports:** Baku

**Oil Export Pipelines:** Baku-Novorosiisk (Russia - "early oil" northern route), Baku-Supsa (Georgia - "early oil" western route)

**Major Oil Refineries (Capacities 1/1/01E):** Azneftiyag (Baku) (230,000 bbl/d), and Azneftyanajag (New Baku) (200,000 bbl/d)

**Major Power Plants:** Yenikand (4,000 megawatts, MW) (hydro), Azerbaijan Station near Mingechaur (2,100 megawatts, MW), Ali-Bayramli (1,100 MW)

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*Sources for this report include: Caspian Business Report; CIA World Factbook 2000; Economist Intelligence Unit ViewsWire; Radio Free Europe/Radio Liberty; Reuters; U.S. Department of Commerce's Business Information Service for the Newly Independent States (BISNIS); U.S. Energy Information Administration; WEFA Eurasia Economic Outlook.*

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[RFE/RL: Energy Politics in the Caspian and Russia](#)

[2000 CIA World Factbook: Azerbaijan](#)

[U.S. Department of Commerce Country Commercial Guide: Azerbaijan](#)

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Contact:

Lowell Feld  
[Lowell.Feld@eia.doe.gov](mailto:Lowell.Feld@eia.doe.gov)  
Phone: (202) 586-9502  
Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/cabs/azerbjan.html>

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